

THE FY2003 BUDGET AT A GLANCE

BUDGET OVERVIEW

- The approved FY2003 General Fund budget is \$1,725,771,700, which represents a \$126.4 million, or 7.9% increase from FY2002.
- The increase is primarily attributable to an additional \$102.2 million, or 10.2% funding increase for public schools.
- The County six-year Capital Improvement Program (CIP) for FY2003 to FY2008 totals approximately \$1.6 billion with special emphasis on school construction.
- The county will meet its Charter-mandated requirement to maintain a contingency reserve equal to 3% of the General Fund budget. The approved budget also maintains a 3% operating reserve.

GENERAL GOVERNMENT

Central Services

- In FY2003, the Office of Central Services will move forward with the document imaging and records management system program that was initiated late last year. The program will include other agencies such as the Office of Law in an effort to move towards paperless document retention.
- During the course of FY2003, the Contracts Administration and Procurement Division will introduce a new automated procurement system.

Finance

- The Office of Finance will continue to focus on making financial and property tax information available on the County website and will concentrate on developing the capacity for payment of property taxes online.

Personnel & Labor Relations

- The Office of Personnel and Labor Relations (OPLR) will develop an Internet recruitment system that accepts applications via the Internet and advertises job vacancies in both on-line formats and publications.
- The Office has developed a pay for performance policy that will ultimately cover all General Schedule, non-union County employees. In FY2003, a pilot implementation of the policy will begin for employees of OPLR.

Information Technology & Communications

- The Office of Information Technology and Communications (OITC) will work to further expand the County's Internet site as a portal to provide agencies with content management while making the site both user-friendly and representative of County services.
- The Office anticipates fuller implementation of its agreement with the cable franchisee to construct competing fiber optic networks in the County during 2003. This project will connect public, educational and government facilities to an Institutional Network (INET) capable of high-speed Internet and other bandwidth-intensive applications.

- The County will also continue to move forward with enterprise-wide plans to replenish inventory and upgrade applications through initiatives such as PC Refresh and the installation of Windows 2000 on County computers.
- Progress in completing installation of Records Management System (RMS) components will occur during FY2003. An integrated RMS will benefit various public safety agencies such as the Police, Fire, Sheriff and Corrections Departments by allowing them enhanced data retrieval as well as the ability to share data.
- Public Safety Communications will modernize radio equipment, thereby increasing the reliability of the County's radio communications system during emergency situations, and providing improved radio communications in the southern part of the County.

Management & Budget

- The Office will prepare historical data, trend analysis, and other information necessary to brief the administration of the new County Executive concerning the County's budget structure and financial status.

Board of Elections

- The Board of Elections will implement a new electronic voting system in time for the fall 2002 primary election. This new system has been mandated by the State and replaces the existing mechanical voting machine system in Prince George's County. The Board will implement a major public outreach effort to educate County voters on the new electronic voting machines prior to September 2002.

Office of Community Relations

- The Office of Community Relations, working with OITC, will work to improve the current Communication Tracking System. This system keeps track of citizen correspondence and ensures that timely and effective responses are made to citizen complaints and concerns.
- The Office will continue efforts to develop County informational brochures in both English and Spanish.

CRIMINAL/CIVIL JUSTICE

Department of Corrections

- Phase II of the expansion program at the County's Correctional Center will begin in the fall of 2002. This expansion will include a new Administrative Building, renovation of the existing Administration area and installation of a new electronic security system.
- The Department of Corrections, working with the County's Health Department, has increased health screening efforts for inmates. This includes increased testing for tuberculosis and HIV, jail-based substance abuse programs, and mental health screening.

Circuit Court

- During renovation of a section of the County Courthouse, the Court will operate out of interim locations in other buildings in Upper Marlboro. The process of assigning cases will be modified to accommodate this change. These modifications will be monitored to assess losses in efficiency and the impact on the public.
- The State will absorb the cost of the Court's twenty-three (23) law clerks as their terms expire throughout FY2003. As a result, the full time position count will be less than FY2002..

Office of the State's Attorney

- The Office of the State's Attorney, in conjunction with the Police Department, will construct a Video Screening pilot program at the Oxon Hill police station. A web camera and computer terminal at the station will allow officers to screen cases with the Grand Jury/Screening Unit via the Internet.
- The Office will work with local agencies to improve the network of resources available to identify thefts made with the use of the Internet and other technology.

Sheriff

- Funds are included in FY2003 to continue a rotating replacement of bulletproof vests. These vests have a limited life span, and this new rotating program will allow the Office of the Sheriff to replace a number of the vests in service each year.
- Through the reallocation of staff and resources, the Sheriff will provide security during the Prince George's County Courthouse renovations. Additional locations requiring service include the Circuit Court Annex, the Chrysler Building and the County Administration Building. All of these locations are in Upper Marlboro.

PUBLIC WORKS AND ENVIRONMENTAL RESOURCES

Public Works and Transportation

- The Department of Public Works and Transportation will complete the installation of 20 to 40 new bus shelters and provide trash disposal receptacles at bus shelters.
- The Department, in conjunction with other County agencies, will further automate the Permits and Licenses Application Tracking System. Use of Master Card and VISA will now be permitted when paying permit fees.
- A new manual on the "General Specifications and Standards for Roadways and Bridges in Prince George's County" will be finalized and issued. This is the first revision to County road and bridge construction standards since 1977.

Environmental Resources

- The Department of Environmental Resources will draft legislation to amend the County's Electrical Code in order to incorporate changes made in the 2002 National Electrical Code.
- The Department will continue the expansion of third party plan review and evaluation services to handle seasonal peaks of permit application and eliminate backlogs.
- The Department will initiate new methods of expediting permits for home improvement and homeowner repair projects. These include the use of "mail-in" permits for fences and pre-approved decks as well as expanding the number of minor project permits that will have specific minimum conditions but will not require zoning approval.
- Quality control and assurance programs will be expanded to include all facets of the permitting and review process including applications, processing, review and archiving of plans.

PUBLIC SAFETY

Police Department

- The Police Department's funding will support the targeted enforcement programs which enable the Department to direct resources where they are needed most urgently. Initiatives are based upon crime statistics and enforcement requests from the community. Other interventions are determined by time and location such as high visibility patrols in and around shopping centers during the holiday season.
- The Police Department's 850 mobile data computers in police cruisers have become fully operational, permitting direct access to criminal justice data bases resulting in significant expansion of queries of criminal justice databases (queries include stolen vehicle information, warrant checks, motor vehicle information). This direct access through computers eliminates the need for a radio call to the emergency communications center, thus freeing capacity in that center.

Fire/EMS Department

- The Fire/EMS department will continue its plans to reduce overtime spending levels by hiring two additional classes of Emergency Response Technicians (ERTs) in July and November. In addition, the Department will continue training efforts in order to be prepared in the area of homeland security.

EDUCATION AND LIBRARY

Board of Education

- The approved FY2003 budget for the Board of Education exceeds \$1.1 billion. This funding level is \$102.2 million, or 10.2% above the Board's FY2002 budget and approximately 64% of the County's General Fund budget.
- The County's contribution to the Board of Education increases by \$29.2 million, or 6.2% in FY2003. This includes \$19.0 million projected to be generated by the imposition of an 8% telephone tax. This tax was mandated by the Maryland General Assembly.
- Outside aid increased by \$73.0 million, or 13.7% in FY2003. Of this increase \$12.6 million reflected new Federal aid for Title I and other early intervention programs, \$12.5 million represents state aid provided to begin implementation of the Thornton Commission recommendations, and \$10.0 represents a one-time grant from the State, predicated on replacing the former elected Board of Education with a newly-appointed Board.
- Based on current schedules, the opening of four new elementary school buildings (Adelphi, Benjamin Davis, Lake Arbor and Rosaryville), and two middle school buildings (East Central and Hill Road) is anticipated. In addition, one former elementary school - the former Berwyn Heights Elementary School, which was closed in the early 1980s - is undergoing renovation and will reopen in FY2003. Further, two elementary schools closed for renovations (Carmody Hills and Dodge Park) are expected to reopen in FY2003. The number of schools opening this year is the largest number in a single year in three decades.
- Of the 26 schools the County has committed to open, under the current schedule, twelve of those schools have either opened or will open in FY2003. The opening of Benjamin Davis, East Central and Hill Road will bring the number of schools opened to eight of the thirteen schools agreed to in the Memorandum of Understanding (MOU) between the County government, the Board of Education and the NAACP. The other five MOU schools are scheduled to be under construction in FY2003.

- Funds are provided for a cost of living adjustment for all school employees, with sufficient funding for a salary increase for teachers at a level comparable with recent years when the state was providing a salary match.
- Funding in the amount of \$16.2 million has been provided in this budget to fund the salary, utility, supply and equipment costs necessary to open the new schools noted above.

Memorial Library System

- The new Accokeek Branch is scheduled for completion before the end of FY2003. Funding included in FY2002 to purchase the collection of books and periodicals and hire the branch manager was in advance of its opening.
- Plans for the expansion of the Sojourner Truth Room will move forward. Construction will be ongoing during FY2003. A national council to bring attention to the collection, which features materials by and about African-Americans, will be in operation in order to raise money for the ongoing costs of maintaining, preserving, expanding and promoting the collection.

Community College

- Services will be extended to the Laurel area through a partnership with Howard Community College.
- The College will continue its partnership with Prince George's County schools to provide teacher-training opportunities for County teachers.
- Through continued development of on-line courses, the College will continue to focus on servicing all areas of the County and State.

HUMAN SERVICES

Housing and Community Development

- The Housing Authority will continue to provide financial and technical assistance to Community Housing Development Organizations (CHDOs) for the acquisition and/or rehabilitation of rental housing, new construction of rental housing, acquisition and/or rehabilitation of homebuyer properties, new construction of homebuyer properties, and direct financial assistance to purchasers of HOME-assisted housing sponsored or developed by a CHDO with HOME funds.
- The Housing Authority will continue to redevelop Manchester Square and create Windsor Crossing. The resulting development will consist of a total of 338 units and will encompass the best features of all previous redevelopment projects and will result in density reduction.

Health Department

- The Health Department will amplify its work with vulnerable populations including children, youth, individuals with co-occurring mental illness and substance abuse, and non-English speaking residents. Additionally, the Department will fully implement a tobacco law enforcement program using Cigarette Reinstitution Funds from DHMH. This program will focus on monitoring the sale and distribution of tobacco products by minors.
- The Department will fully implement its initiative to reduce infant mortality and low birth weight in the County. Components of the initiative include expanding community outreach activities through *Healthline*, conducting a comprehensive media and social marketing campaign emphasizing women's wellness, providing comprehensive pre- and post-natal services in partnership with a community-based private group of

obstetricians/gynecologists and certified nurse midwives, and establishing a Women's Wellness Center in a geographic area of the County at highest risk for infant mortality.

- The Department will continue to enhance its capacity to detect and respond to a bioterrorist act by participating in syndromic surveillance activities; developing an emergency response, mass prophylaxis and National pharmaceutical Stockpile Management plan in concert with the County's Office of Emergency Management, DHMH, MEMA, other County agencies and regional partners; educating and training Health Department staff and the local medical community in bioterrorism agents and response; and developing emergency communication systems within the Health Department, other County agencies, the State, regional and medical community, and the general public.

INDEPENDENT AUTHORITIES

Revenue and Industrial Development Authority

- The Authority is working with public and private entities to develop the Capital Centre complex into a regional shopping center.

Redevelopment Authority

- The Redevelopment Authority establishes and encourages partnerships with developers to continue the overall redevelopment of Suitland Manor, including, but not limited to, acquiring, relocating and demolishing existing properties.
- The Gateway Community Development Committee (CDC) and the town of North Brentwood will receive assistance from the Authority in finalizing fund raising and development plans for the African American Museum, "blackbox" theater and performance space in the Gateway Arts District.

CAPITAL IMPROVEMENT PROGRAM

- The completion of the Bunker Hill Fire Station is anticipated for December 2002. This new structure will the consolidate the existing fire stations at Brentwood, Cottage City/Colmar Manor, and Mount Rainier.
- Renovations to the Cheverly Health Center will be completed and the center will open during the current year.
- The County continues to implement its 26-school plan. By August 2002 12 of the 26 schools will be open, with ten more funded for some phase of construction.
- The Approved Capital Budget also contains funds for school renovations, systems replacements and classroom addition projects.
- The County will construct a new state-of-the-art Animal Management Facility that will include general population and quarantine animal holding areas, a reception and administration area, community room, veterinary treatment rooms, and a spay/neuter clinic.
- The County will continue construction on its largest bridge replacement project – Columbia Park Road Bridge. The project will replace the existing deteriorated steel structure over the WMATA, Amtrak and CSX railroad tracks and provide repairs and improvements to the bridge approaches. It is being implemented in conjunction with the Maryland State Highway Administration.

FISCAL AND SERVICE POLICIES

A number of County policies provide the context for planning and developing the budget in any given year. Fiscal policies address the acquisition and general allocation of resources: revenue sources, fund balance, forecasting procedures, etc. Service policies focus on what is done with those resources and how it is accomplished – spending priorities, service quality, and the like. The County's strategic goals provide a guideline for expected achievements for Fiscal Years 2002 and 2003. Fiscal and service policies address both long-term concerns and the key issues that frame the task at hand: preparing a balanced budget that effectively achieves County priorities within the context of current and expected economic – and political – realities.

FISCAL POLICIES

1. **Keep the County in a Strong Financial Condition.** County programs and business units must operate at an AAA bonded standard. Sound cash management, financial management and service management of the County must be maintained. Fiscal year budgets must be closed in balanced or surplus status. Policies necessary for the County to maintain a healthy balance sheet and to maximize cash management strategies must be developed.
2. **Maintain Sound Cash Management.**
 - **Maintain a Contingency Reserve.** A Charter amendment adopted by the voters in November 1992 requires that the County maintain a contingency reserve for the General Fund to be used as a possible source of funding in the event the County Council enacts emergency appropriations in response to unforeseen events. The reserve requirement is 3% of the General Fund budget. The County expects to maintain the required balance in the contingency reserve of \$48.0 million in FY2002 and \$51.7 million in FY2003.
 - **Retain a General Fund Operating Reserve.** To ensure a reasonable degree of stability in its programs over the long run, the County must have the budgetary flexibility to deal with events that can create instability such as economic fluctuations, State and Federal policy changes, and varying service needs. County policy is to retain an operating reserve equal to at least 3% of the General Fund budget. This reserve is a continuing and non-lapsing source of unappropriated funds that can be used to offset the impact of budget exigencies or as a funding source for expenditures that the County Executive and County Council determine would benefit the citizens of Prince George's County.
 - **Maintain Fund Balance Reserves in Other Funds.** A number of important government functions are financed through funds other than the County's General Fund, most notably the County's enterprise funds, internal service funds, and special revenue funds. (These fund types are described more fully in the Budget Guide section of this document.) Although these funds are designed to be self-sustaining, they must contend with certain special factors that threaten their financial stability: they are much smaller than the General Fund; they support specific, limited services; and they tend to rely on a narrower and less diverse set of revenue sources. The Stormwater Management Enterprise Fund, for instance, receives over 90% of its monies from an ad valorem property tax, making this fund extremely vulnerable to fluctuations in that single revenue source. To minimize fiscal volatility in these funds, County policy calls for the following minimum reserve levels in each fund group: a reserve of 5-10% in all internal service funds, a positive fund balance in all special revenue funds, and 25% in all enterprise funds.
 - **Keep Debt Levels Low.** The County's statutory debt limit under the Annotated Code of Maryland calls for net direct debt of no more than 6% of the assessable base and the County policy is to limit this debt to 3%. County policy also requires that the ratio of debt service to General Fund expenditures not exceed 8%. Prince George's County remains well below its self-imposed and statutory limits. In FY2001, the ratio of net direct

debt to assessed value was 2.79%, and debt service payment as a percentage of General Fund expenditures was 4.19%. The first ratio represents a slight increase over the previous year, while the second ratio represents a slight decrease from the previous year. The anticipated bond sale in FY2003 will be conducted in accordance with the County's debt policies.

- **Restructure Debt.** Develop a responsive debt management program and smooth out the curve of outstanding debt in order to maximize the efficient use of County financial resources. The County will use fixed and variable rate debt in the context of restructuring debt where short and long-term benefits to the County are likely. The debt retirement structure will be arranged to help meet targets.

3. Maintain Sound Financial Management.

- **Use Conservative Assumptions in Forecasting Revenue Growth.** The fiscal integrity of a government is heavily dependent on the extent to which actual revenues meet or exceed budgeted amounts. It is, therefore, essential that conservative assumptions be used in forecasting revenues.
- **Respond Prudently to Revenue Growth.** Updated revenue estimates indicate that revenue growth has slowed significantly in FY2002, due to the nation's economic recession. In FY2003, County revenue is expected to experience a recovery as the economic situation improves. The revenue growth will come from an increase in property taxes, growth in income tax receipts, and modest growth in other tax revenues. Since a significant part of the growth in income tax revenue is an increase in the State Disparity Grant (from \$6.9 million in FY2002 to \$14.7 million in FY2003), the rate of real growth is a cause for concern for the long-term. Additional revenue will be used primarily for reserve funds, one-time items and to invest in the County's infrastructure and development.
- **Rely on Continuing Revenue Sources.** Over the long run, a local government's fiscal health is greatly dependent on its ability to pay for current expenses with current revenues. Recurring expenditures should be funded from a stable stream of income, with little or no reliance on one-time sources. The FY2003 budget contains \$18 million from one-time sources. Most of these funds will be allocated to non-recurring expenditure items including forward funding construction of new schools, or other school construction projects, in advance of State funding becoming available. However, given the unforeseen events of 2001 and their impact on the national and State economies, we will use approximately \$5 million in one-time funds to cover recurring expenses. We do not anticipate this to be an ongoing use of these funds.
- **Allocate Revenues in Keeping with County Priorities.** Excluding one-time revenues and outside revenues for educational agencies, County-source revenues are projected to increase by 4.9% in FY2003. At a time when revenues are growing slowly, and at a time when the County is precluded from raising most tax and fee rates without voter approval, it is imperative that the County carefully target those revenues it does have. Resource allocations must focus on long-standing priorities – education and public safety – while satisfying legal obligations such as paying debt service and maintaining the 3% contingency reserve.
- **Budget for Long-Term Liabilities.** Responsible financial management means looking beyond the next fiscal year to potential liabilities that can impact the County in the out-years. Capital spending (and the operating impacts of capital projects), leave payouts, pension plans, risk management, and environmental mandates are just a few of the long-term costs that need to be addressed. It is essential to plan for such potential liabilities early and allocate resources accordingly to ensure that current County budgetary policies and actions – or inaction—do not lead to unexpected financial burdens that could require drastic remedies in the years to come.
- **Risk Management.** The County's risk management strategy includes maintaining a level of reserve funding consistent with accepted levels of funding confidence. Our Risk Management Oversight Committee will continue working to tie the County's day to day operations with broader policy objectives.
- **Prepare Financial Statements in Line with GASB 33 & 34.** The County's financial reports have been changed to comply with the latest standards of GASB (Governmental Accounting Standards Board) and to provide more complete information to users.

SERVICE POLICIES

1. **Tie Budget Priorities to Strategic Goals.** The County has developed a set of two-year strategic goals, and has identified such short-term priorities as building 26 new schools, leaving the County in strong fiscal condition, advancing economic development projects, and improving access to public services. Budget priorities will be tied to these strategic goals. These goals are as follows:
 - Build 26 New Schools to Relieve Crowding and Return Students to Neighborhood Schools
 - Leave the County in a Strong Financial Condition
 - Advance Economic Development Projects that Provide Substantial Long-Term County-Wide Benefits
 - Create Livable Communities by Reinvesting in Established Neighborhoods
 - Increase Availability of and Access to Public Services
 - Improve the Quality of Life for Prince Georgians by Enhancing Health and Human Services
 - Increase Efficiency by Retooling Government Programs
 - Improve the County's Organizational Infrastructure and Legal Framework
 - Promote and Cultivate Local and Minority Business Enterprises
 - Market the County as a Portal for International Investment
 - Deliver Government Services as Retail Products
2. **Improve Public Education.** Education is the County's highest priority; it plays a key role in determining the quality of life for our citizens. For school operations, the FY2003 budget will provide the Board of Education with \$1.104 billion, a \$102 million (10.2%) increase over the level approved in FY2002. Funding for the Board will constitute close to 64% of all General Fund spending in FY2003. With regard to long-term capital needs, the County has a strategic goal of building 26 new schools to relieve crowding and return students to neighborhood schools. We intend to complete construction or be in the construction phase on all 13 MOU (Memorandum of Understanding) schools before the end of FY2003, and also in the construction or planning phase on virtually all elementary and middle schools in the 26-school plan. Of the 13 MOU schools, five have been completed and three will open in FY2003. Of the additional 13 schools, four will open in FY2003. One of the schools scheduled to open – Berwyn Heights Elementary School – was closed in 1981 and used for other governmental purposes until recently. The purpose of this effort is two-fold: to implement the provisions of the Memorandum of Understanding between the County, Board of Education, and the NAACP to phase out mandatory student assignments through busing that, in many cases, have been in place since 1973; and to relieve overcrowding at County schools relative to the State-rated capacity of those schools.

The State of Maryland has been a partner in this endeavor. Beginning in FY1999, the State committed to provide at least \$35 million per year for school construction in Prince George's County. However, the State, citing financial constraints, will not uphold its commitment to provide \$35 million in school construction aid this year. Instead, the State will provide \$18 million toward school projects in FY2003. Since we cannot guarantee State financial participation at levels approaching \$35 million in the foreseeable future, the County must find creative alternatives to traditional funding arrangements to keep the plan to build 26 schools on course.

One method we will use, beginning with the FY2003 budget, is forward funding. Traditionally, the County seeks planning approval from the State for school construction projects. Then, the County pays 100% of the cost for planning and design. Before construction begins, the County seeks construction approval and a funding allocation from the State. With forward funding, the County would fund construction after planning and design is completed, but before State construction approval is granted. Once State approval is granted, we would seek reimbursement from the State for its share of the costs.

Even after this ambitious school construction plan is completed, there will be a demand for further capital investment. Most County schools were constructed before 1970. Many schools need major systemic repairs such as the replacement of roofs, boilers or HVAC systems. Some schools may be in need of major structural renovation in order to reflect educational specification changes that have occurred over time. The County also may need to respond to changes in educational policy that could impact school facilities. Two elementary

school renovation projects – Carmody Hills and Dodge Park – are expected to be completed during FY2003. In addition, in FY2003, the County's Capital Improvement Program contains funds for five systemic replacement projects, and will provide funding to cover final work at two high schools and one elementary school that are currently open and operational and complete classroom additions projects at one high school and four elementary schools.

3. **Preserve Public Safety.** Public safety is another vital aspect of the County's quality of life. It is essential that the County respond quickly and efficiently to emergencies, while also working day to day to maintain a safe community. Public safety (including relevant criminal/civil justice functions) is second only to education in the level of funding received under the FY2003 approved budget. The Police Department's sworn staffing level will remain at 1,420 officers in FY2003. To maximize the effectiveness of officers, the County will utilize sophisticated technology including mobile data terminals to address crime incidence. To improve the safety of the community, we will emphasize cooperation and partnerships. For example, Community Oriented Policing fosters understanding and sharing of information among law enforcement officers and citizens to identify problems and possible solutions. Numerous cooperative agreements with other governments around the region and with the Federal government enhance County resources available to improve community safety. The terrorism attacks experienced by our nation and the region will require increased emphasis on planning and preparedness and regional and local collaboration on an unprecedented level and in numerous areas of concern - public health, emergency communications, equipment to respond to emergencies and the like.
4. **Promote Economic Development.** Sound economic development is indispensable to ensuring a high quality of life and long-term economic viability for Prince George's County. Opportunities for good jobs, quality housing, fine shopping, good restaurants, and the other amenities that citizens desire, require a healthy business climate that promotes quality economic development. The FY2003 operating budget will continue to promote economic development activity, including additional funding for the Sunny Day Fund. The County has examined interrelationships between the County and other governmental agencies and the Department of Housing and Community Development, Revenue Authority, Redevelopment Authority, Economic Development Corporation, and Conference and Visitors' Bureau, just to name a few -- to better bring all the County's available resources to bear on economic issues.

The Redevelopment Authority of Prince George's County will continue the Community Development Block Grant Section 108 Loan Guarantee program, also known as the Community Building Loan Fund (CBLF). This program pledges future CDBG grants as a guarantee for loans for large-scale development projects such as the acquisition and rehabilitation of commercial properties. The Redevelopment Authority has approval from the U.S. Department of Housing and Urban Development (HUD) to use approximately \$10 million in Section 108 funding and approximately \$1 million in HUD-Economic Development Initiative (EDI) funding. The EDI funding is only used as a reserve to offset losses resulting from bad debt expenses associated with the CBLF loans.

The CBLF has three components: the Shopping Center Rehabilitation Program; the Business Building Re-Use Program; and the New Building Loan Program. All programs are used to encourage adaptive re-use of vacant or underutilized commercial buildings by assisting developers investing in the rehabilitation of older retail centers and encouraging new retail, commercial, and industrial development projects in inner-beltway communities.

It is anticipated that the Redevelopment Authority will award approximately \$4 million in CBLF loans to eligible business owners during FY2003.

5. **Provide Effective, High Quality Services.** The County government is making significant efforts to improve the quality of life and to provide an attractive climate for economic development in the County. However, these efforts must be weighed against the limitations imposed on the County in raising necessary revenues for these purposes. They must also be analyzed in light of another critical strategic goal – the necessity to maintain the County's strong, stable financial condition. As a result, the County will not undertake short-term strategies – such as refinancing debt to artificially reduce short-term debt obligations, or declaring and budgeting significant levels of one-time fund balance for continuing costs – to free up funding for new initiatives. Instead, the County will continue to pursue sound business approaches to maximize use of scarce resources by

maximizing service efficiencies. Service delivery processes must be constantly re-assessed to insure that the most appropriate – and efficient – approaches are being employed.

As part of this effort, the County has developed two new initiatives - the Executive Management Assessment Program (EMAP) and Monthly Management Reports. EMAP was originally modeled from performance accountability programs in other jurisdictions. Here, it entails information gathering and analysis to evaluate our service levels and identify areas of potential improvement. Where such areas are defined, they are targeted for improvement. To date, fifteen County Departments have begun this very productive and informative process. As departments prepare to report at their respective EMAP meetings, they must have a twofold focus: 1) progress regarding their own performance measures and 2) updates regarding relevant countywide strategic goals.

In addition to EMAP, each Department's progress is tracked and monitored via a standardized Monthly Management Report submitted by each Department Director at the beginning of each month. The reports allow the County to gather and analyze performance statistics in targeted areas such as responsiveness, resident's needs, cost-effectiveness, and proactive problem solving in the County Government. These service areas are then aligned with the County Executive's Strategic Goals.

Technology also plays a major role in the County's service delivery. County agencies now benefit from continued improvement in the quality of our information system network. New technology will be installed and efforts will be made to upgrade systems and improve applications. For instance, new software allows job applicants to read job announcements and apply for positions with the County government on-line. Another aspect of the County's approach to service delivery is reflected in the County's active and continual efforts to explore opportunities to gain greater efficiencies through consolidation. Our Largo Government Center is one example - converting multiple leases into one, generating cost savings while facilitating efficient service delivery.

6. **Invest in Critical Capital needs.** The current modest revenue picture, coupled with lower interest rates, will allow the County to invest short-term in needed improvements in the County's infrastructure. These actions include the following:
- Renovating the Cheverly Health Department Facility, which is located in a revitalization area;
 - County building renovation projects, which include replacing elevators, upgrading HVAC systems and lavatory facilities, and creating additional office spaces;
 - Renovating the Duvall Wing of the Courthouse;
 - Completing the Bunker Hill Fire Station;
 - Resurfacing and repairing the County's roads and streets;
 - Renovating and providing additional public space at County libraries;
 - Exploring additional alternative delivery methods such as the sale/lease-back program to fund capital projects.

These fiscal policies and strategic goal result in a Approved FY2003 General Fund budget of over \$1.7 billion, 7.9% above the FY2002 level. These policies will advance the County's overall well being and set the stage for future growth.

REVENUE SUMMARY

	FY2001 ACTUAL	FY2002 BUDGET	FY2002 ESTIMATED	FY2003 APPROVED	CHANGE FY2002-FY2003
TAXES					
Real Property	\$ 347,160,511	\$ 351,542,700	\$ 357,332,300	\$ 369,765,700	5.2%
Personal Property:					
Unincorporated Businesses	\$ 1,275,874	\$ 1,660,300	\$ 1,275,900	\$ 1,285,200	-22.6%
Rails and Public Utilities	36,450,443	31,723,300	28,356,900	28,778,900	-9.3%
Incorporated Businesses	29,927,354	34,740,700	39,530,400	40,125,100	15.5%
Subtotal Personal Property	\$ 67,653,671	\$ 68,124,300	\$ 69,163,200	\$ 70,189,200	3.0%
Total Property	\$ 414,814,182	\$ 419,667,000	\$ 426,495,500	\$ 439,954,900	4.8%
Income Taxes	\$ 318,964,464	\$ 330,965,500	\$ 322,825,700	\$ 339,802,000	2.7%
Transfer	\$ 54,901,486	\$ 52,227,400	\$ 55,011,300	\$ 55,041,200	5.4%
Recordation	19,320,890	18,901,200	20,093,700	19,510,000	3.2%
Subtotal Transfer and Recordation	\$ 74,222,376	\$ 71,128,600	\$ 75,105,000	\$ 74,551,200	4.8%
Other Local Taxes:					
Energy	\$ 43,499,689	\$ 45,100,000	\$ 43,733,000	\$ 43,733,000	-3.0%
Telecommunications	-	-	-	19,095,000	N/A
Admissions and Amusements	10,173,715	10,660,000	9,473,700	10,173,700	-4.6%
Hotel-Motel	4,541,670	4,137,500	4,071,600	4,331,500	4.7%
Penalties & Interest on Property Taxes	2,749,440	3,433,700	2,831,900	2,916,900	-15.1%
Trailer Camp	44,427	40,000	40,000	40,000	0.0%
Subtotal Other Local Taxes	\$ 61,008,941	\$ 63,371,200	\$ 60,150,200	\$ 80,290,100	26.7%
State Shared Taxes:					
Highway User Revenues	\$ 24,973,868	\$ 21,995,800	\$ 23,729,300	\$ 23,825,600	8.3%
Transfer Taxes on Corporate Assets	38,030	25,000	25,000	25,000	0.0%
Security Interest Filing Fees	0	0	0	0	0.0%
Subtotal State Shared Taxes	\$ 25,011,898	\$ 22,020,800	\$ 23,754,300	\$ 23,850,600	8.3%
TOTAL TAXES	\$ 894,021,861	\$ 907,153,100	\$ 908,330,700	\$ 958,448,800	5.7%

	FY2001 ACTUAL	FY2002 BUDGET	FY2002 ESTIMATED	FY2003 APPROVED	CHANGE FY2002-FY2003
LICENSES & PERMITS					
Building and Grading Permits	\$ 5,562,741	\$ 6,100,000	\$ 6,029,600	\$ 6,150,200	0.8%
Street Use Permits	2,052,606	5,126,500	2,385,000	2,432,700	-52.5%
Business Licenses	3,745,732	3,965,500	3,922,000	4,000,400	0.9%
Liquor Licenses	882,710	894,800	894,800	921,600	3.0%
Animal Licenses	148,667	190,500	170,000	175,100	-8.1%
Health Permits	1,224,143	1,291,900	1,291,900	1,330,700	3.0%
Other Licenses	668,569	750,000	700,000	750,000	0.0%
TOTAL LICENSES & PERMITS	\$ 14,285,168	\$ 18,319,200	\$ 15,393,300	\$ 15,760,700	-14.0%
USE OF MONEY AND PROPERTY					
Property Rental	\$ 1,197,412	\$ 1,200,000	\$ 1,200,000	\$ 1,236,000	3.0%
Interest Income	21,084,143	20,200,000	12,200,000	12,600,000	-37.6%
Commission and Charges	984,746	580,000	700,000	780,000	34.5%
Discounts Earned	13,400	20,000	20,000	20,000	0.0%
TOTAL USE OF MONEY & PROPERTY	\$ 23,279,701	\$ 22,000,000	\$ 14,120,000	\$ 14,636,000	-33.5%
CHARGES FOR SERVICES					
Corrections Charges	\$ 2,437,266	\$ 2,323,300	\$ 2,437,300	\$ 2,510,400	8.1%
Tax Collection Charges	686,000	621,000	421,000	421,000	-32.2%
Animal Control Charges	98,771	80,000	80,000	82,400	3.0%
Sheriff Charges	2,504,629	2,369,000	2,400,000	2,472,000	4.3%
Health Service Charges	659,731	918,500	800,000	850,000	-7.5%
Cable Franchise	4,610,628	4,962,400	4,782,400	4,926,000	-0.7%
Local 911 Fee	2,001,791	3,638,200	3,409,000	3,409,000	-6.3%
Other Service Charges	5,358,154	3,286,700	4,200,000	4,326,000	31.6%
TOTAL CHARGES FOR SERVICES	\$ 18,356,970	\$ 18,199,100	\$ 18,529,700	\$ 18,996,800	4.4%
INTERGOVERNMENTAL REVENUES					
State					
Circuit Court Reimbursements	\$ 598,345	\$ 925,500	\$ 550,000	\$ 566,500	-38.8%
Electricity Deregulation Grant	3,952,403	7,744,800	7,744,800	7,744,800	100.0%
Police Aid Grant	10,712,785	11,250,000	10,660,000	10,860,000	-3.5%
Local Health Grant	9,057,787	8,487,200	7,918,800	8,745,900	3.0%
Fire Grant	1,137,774	1,136,400	1,130,100	1,119,900	-1.5%
War on Drugs Grant	662,500	662,500	662,500	662,500	0.0%
Racing Grant	100,000	180,300	100,000	100,000	-44.5%
Anti-Violence Grant	2,500,000	2,500,000	2,500,000	2,500,000	0.0%
DHR DSS Grant	474,537	400,000	400,000	400,000	0.0%
Public Safety Grant	1,000,000	1,000,000	1,000,000	1,000,000	0.0%
State Grants Other	2,793,258	0	0	0	N/A
Subtotal	\$ 32,989,389	\$ 34,286,700	\$ 32,666,200	\$ 33,699,600	-1.7%

	FY2001 ACTUAL	FY2002 BUDGET	FY2002 ESTIMATED	FY2003 APPROVED	CHANGE FY2002-FY2003
Federal					
SCAP Grant	\$ 1,067,500	\$ 0	\$ 0	\$ 0	
Civil Defense Grant	76,827	65,000	65,000	67,000	3.1%
PL95-469 Fish & Wildlife Grant	188,059	250,000	250,000	257,500	3.0%
Land Management Grant	11,912	0	0	0	N/A
FEMA DSS Grant	0	30,000	30,000	30,000	0.0%
Disaster Preparedness Grant	0		7,346,000		
Subtotal	\$ 1,344,298	\$ 345,000	\$ 7,691,000	\$ 354,500	2.8%
Local					
Other	\$ 0	\$ 0	\$ 0	\$ 0	0.0%
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	0.0%
TOTAL INTERGOVERNMENTAL REVENUES	\$ 34,333,687	\$ 34,631,700	\$ 40,357,200	\$ 34,054,100	-1.7%
MISCELLANEOUS					
Fines and Forfeitures	\$ 1,867,911	\$ 2,416,800	\$ 2,416,800	\$ 2,537,600	5.0%
Special Assessments	158,773	200,000	200,000	206,000	3.0%
Miscellaneous Sales	365,005	400,000	400,000	662,000	65.5%
Other Miscellaneous Receipts	575,683	300,000	300,000	309,000	3.0%
TOTAL MISCELLANEOUS	\$ 2,967,372	\$ 3,316,800	\$ 3,316,800	\$ 3,714,600	12.0%
OTHER FINANCING SOURCES					
TRANSFERS IN:					
Other	\$ 0	\$ 0	\$ 0	\$ 0	0.0%
Use of Fund Balance	0	10,000,000	10,000,000	15,000,000	50.0%
Property Mgt. Transfer In	0	1,000,000	1,000,000	1,000,000	0.0%
Leave Payout	0	0	0	3,000,000	N/A
TOTAL OTHER FINANCING SOURCES	\$ -	\$ 11,000,000	\$ 11,000,000	\$ 19,000,000	72.7%
TOTAL COUNTY SOURCES	\$ 987,244,759	\$ 1,014,619,900	\$ 1,011,047,700	\$ 1,064,611,000	4.9%
OUTSIDE SOURCES:					
Board of Education	\$ 492,417,676	\$ 534,365,900	\$ 534,365,900	\$ 607,386,100	13.7%
Community College	40,319,245	43,786,000	43,786,000	47,391,500	8.2%
Library	6,193,655	6,600,500	6,600,500	6,383,100	-3.3%
TOTAL OUTSIDE SOURCES	\$ 538,930,576	\$ 584,752,400	\$ 584,752,400	\$ 661,160,700	13.1%
GRAND TOTAL GENERAL FUND	\$ 1,526,175,335	\$ 1,599,372,300	\$ 1,595,800,100	\$ 1,725,771,700	7.9%

	FY2001 ACTUAL	FY2002 BUDGET	FY2002 ESTIMATED	FY2003 APPROVED	CHANGE FY2002-FY2003
INTERNAL SERVICE FUNDS					
Fleet Management	7,402,546	\$ 8,665,200	8,844,400	8,659,000	-0.1%
Information Technology	5,160,396	19,019,600	20,359,300	23,215,400	22.1%
TOTAL INTERNAL SERVICE FUNDS	\$ 12,562,942	\$ 27,684,800	\$ 29,203,700	\$ 31,874,400	15.1%
ENTERPRISE FUNDS					
Stormwater Management	23,986,579	\$ 23,988,700	23,864,200	25,630,400	6.8%
Solid Waste	73,306,282	72,310,100	73,610,800	80,928,600	11.9%
TOTAL ENTERPRISE FUNDS	\$ 97,292,861	\$ 96,298,800	\$ 97,475,000	\$ 106,559,000	10.7%
SPECIAL REVENUE FUNDS					
Debt Service	74,423,690	\$ 77,618,600	75,676,500	78,643,600	1.3%
Drug Enforcement & Education	1,660,056	1,101,700	1,192,000	1,286,800	16.8%
Collington Center	2,755,015	2,008,000	609,100	8,000	-99.6%
Property Management & Services	84,641	1,250,300	1,250,300	1,266,600	1.3%
Domestic Violence	301,248	319,400	319,400	319,400	0.0%
Industrial Development Authority	20,000	20,000	20,000	20,000	0.0%
TOTAL SPECIAL REVENUE FUNDS	\$ 79,244,650	\$ 82,318,000	\$ 79,067,300	\$ 81,544,400	-0.9%
GRANT PROGRAM FUNDS	\$ 118,709,499	\$ 139,625,962	\$ 153,051,200	\$ 143,866,700	3.0%
GRAND TOTAL ALL FUNDS	\$ 1,833,985,287	\$ 1,945,299,862	\$ 1,954,597,300	\$ 2,089,616,200	7.4%

EDUCATION REVENUE DETAIL

	FY2001 Actual	FY2002 Budget	FY2002 Estimate	FY2003 Approved	% Change From Current Budget
BOARD OF EDUCATION					
Unrestricted Federal Aid	\$ 3,526,070	\$ 5,362,000	\$ 5,362,000	\$ 5,362,000	0.0%
Restricted Aid - All Sources	53,881,268	70,984,766	70,984,766	85,621,180	20.6%
Board Sources	11,637,503	13,362,319	13,362,319	9,667,906	-27.6%
State Aid					
Current Expense Aid	\$ 311,084,148	\$ 330,538,270	\$ 330,538,270	\$ 356,871,910	8.0%
Handicapped Aid	34,282,322	36,567,042	36,567,042	36,301,405	-0.7%
Transportation Aid	19,933,713	21,206,659	21,206,659	21,999,347	3.7%
Bridge to Excellence Aid	0	0	0	22,527,200	N/A
Magnet/New Designation	14,100,000	14,100,000	14,100,000	14,100,000	0.0%
Limited English Proficiency	11,325,141	7,945,850	7,945,850	9,297,200	17.0%
Other State Aid	32,647,511	34,298,994	34,298,994	45,637,952	33.1%
	<u>\$ 423,372,835</u>	<u>\$ 444,656,815</u>	<u>\$ 444,656,815</u>	<u>\$ 506,735,014</u>	<u>14.0%</u>
Subtotal Outside Aid	\$ 492,417,676	\$ 534,365,900	\$ 534,365,900	\$ 607,386,100	13.7%
General County Sources					
General County Sources	\$ 361,837,735	\$ 370,460,700	\$ 369,043,800	379,198,300	2.4%
Telephone Tax	0	0	0	19,000,000	N/A
Energy Tax	43,499,689	45,100,000	43,733,000	43,733,000	-3.0%
Transfer Tax	54,901,486	52,227,400	55,011,300	55,041,200	5.4%
Subtotal County Revenue	\$ 460,238,910	\$ 467,788,100	\$ 467,788,100	\$ 496,972,500	6.2%
TOTAL	\$ 952,656,586	\$ 1,002,154,000	\$ 1,002,154,000	\$ 1,104,358,600	10.2%
COMMUNITY COLLEGE					
County Contribution	\$ 11,666,304	\$ 12,416,300	\$ 12,416,300	\$ 13,166,300	6.0%
State Aid	16,777,925	18,486,400	18,486,400	18,758,900	1.5%
Tuition and Fees	22,370,560	23,399,600	23,399,600	26,650,700	13.9%
Other Revenues	1,170,764	1,200,000	1,200,000	1,253,300	4.4%
Fund Balance	0	700,000	700,000	728,600	4.1%
TOTAL	\$ 51,985,553	\$ 56,202,300	\$ 56,202,300	\$ 60,557,800	7.7%
LIBRARY					
County Contribution	\$ 12,635,000	\$ 13,310,000	\$ 13,310,000	\$ 13,810,000	3.8%
State Aid	4,672,281	4,908,000	4,908,000	5,229,300	6.5%
Interest	303,341	208,000	208,000	130,000	-37.5%
Fines	463,521	520,000	520,000	450,000	-13.5%
Fees	258,673	180,000	180,000	205,000	13.9%
Miscellaneous	495,839	784,500	784,500	368,800	-53.0%
TOTAL	\$ 18,828,655	\$ 19,910,500	\$ 19,910,500	\$ 20,193,100	1.4%

APPROPRIATION SUMMARY

FUNCTION/AGENCY	FY2001 ACTUAL	FY2002 BUDGET	FY2002 ESTIMATED	FY2003 APPROVED	CHANGE FY2002-FY2003
GENERAL GOVERNMENT					
County Executive	\$ 3,688,227	\$ 4,302,400	\$ 3,822,300	\$ 4,402,000	2.3%
County Council	5,940,499	6,798,700	6,778,300	7,257,900	6.8%
Human Relations Commission	601,141	765,500	679,600	615,200	-19.6%
Personnel Board	179,279	192,600	194,800	200,800	4.3%
Citizen Complaint Oversight Panel	156,175	200,600	205,900	211,400	5.4%
People's Zoning Counsel	(6,668)	0	0	0	
Office of Finance	2,755,383	3,039,500	3,162,100	3,398,200	11.8%
Office of Community Relations	1,994,551	1,248,100	1,220,600	1,313,800	5.3%
Office of Management and Budget	1,186,495	1,572,100	1,560,100	1,664,600	5.9%
Board of License Commissioners	909,055	979,700	852,100	989,900	1.0%
Office of Law	2,409,982	3,031,500	2,874,800	3,252,700	7.3%
Office of Personnel and Labor Relations	3,023,509	3,204,600	3,710,500	3,572,800	11.5%
Office of Info. Tech. & Communications	18,708,041	15,637,500	18,476,400	19,266,100	23.2%
Board of Elections	1,553,106	1,223,300	1,441,400	2,259,500	84.7%
Office of Central Services	9,519,886	11,584,600	11,071,500	12,036,300	3.9%
SUBTOTAL	\$ 52,618,661	\$ 53,780,700	\$ 56,050,400	\$ 60,441,200	12.4%
CRIMINAL/CIVIL JUSTICE					
Circuit Court	\$ 9,142,110	\$ 10,929,600	\$ 10,744,900	\$ 10,766,200	-1.5%
Orphans' Court	222,599	256,500	275,900	283,500	10.5%
Office of the State's Attorney	9,287,456	10,213,100	10,017,000	10,861,400	6.3%
Office of the Sheriff	15,807,921	17,010,500	18,215,700	17,152,400	0.8%
Department of Corrections	38,441,680	39,229,400	40,757,000	41,665,900	6.2%
SUBTOTAL	\$ 72,901,766	\$ 77,639,100	\$ 80,010,500	\$ 80,729,400	4.0%
PUBLIC SAFETY					
Police Department	\$ 129,315,458	\$ 136,445,500	\$ 138,338,300	\$ 145,367,200	6.5%
Fire/EMS Department	65,058,447	65,400,400	71,513,200	71,676,700	9.6%
Volunteer Fire Companies	9,853,458	9,922,200	9,920,700	9,972,200	0.5%
SUBTOTAL	\$ 204,227,363	\$ 211,768,100	\$ 219,772,200	\$ 227,016,100	7.2%
PUBLIC WORKS & ENVIRONMENTAL RESOURCES					
Public Works & Transportation	\$ 10,111,109	\$ 11,495,100	\$ 11,297,000	\$ 10,981,800	-4.5%
Department of Environmental Resources	7,295,693	8,885,500	8,777,200	8,984,700	1.1%
Soil Conservation District	0	0	0	0	
SUBTOTAL	\$ 17,406,802	\$ 20,380,600	\$ 20,074,200	\$ 19,966,500	-2.0%
EDUCATION AND LIBRARY					
Community College	\$ 50,278,673	\$ 56,202,300	\$ 56,202,300	\$ 60,557,800	7.7%
Memorial Library	18,316,127	19,910,500	19,910,500	20,193,100	1.4%
Board of Education	959,391,427	1,002,154,000	1,002,154,000	1,104,358,600	10.2%
SUBTOTAL	\$ 1,027,986,227	\$ 1,078,266,800	\$ 1,078,266,800	\$ 1,185,109,500	9.9%

ADJUSTMENTS TO THE PROPOSED FY2003 BUDGET

	Proposed Budget	Adjustments	Approved Budget	Description
General Fund				
County Council	\$7,091,900	\$166,000	\$7,257,900	Increase to ensure all salary adjustments are adequately funded.
Office of Finance	\$3,303,200	\$95,000	\$3,398,200	Increased expenses related to the monitoring and auditing of telephone tax collections.
Board of Education	\$1,052,813,100	\$51,545,500	\$1,104,358,600	Increase in the categories of Instructional Salaries, School Plant Services, Maintenance of Plant, Community Services, Fixed Charges, Health Services, Special Education, Textbooks and Supplies, and Other Instructional Costs to reflect additional funds from the telephone tax and federal grants.
Non-Departmental	\$126,306,300	(\$381,500)	\$125,924,800	Decrease in grants and transfer payments and contingency funding, and an increase for Sheriff leasing costs and grants to community organizations.
Total, General Fund	\$1,674,346,700	\$51,425,000	\$1,725,771,700	
Other Funds				
Grant Program Funds	\$141,722,300	\$2,144,400	\$143,866,700	Net increase in anticipated grant funds.
Total, All Funds	\$2,036,046,800	\$53,569,400	\$2,089,616,200	

FUNCTION/AGENCY	FY2001 ACTUAL	FY2002 BUDGET	FY2002 ESTIMATED	FY2003 APPROVED	CHANGE FY2002-FY2003
HUMAN SERVICES					
Child Support Enforcement	\$ 2,470,000	\$ 0	\$ 0	\$ 0	
Department of Family Services	2,032,571	2,240,100	2,276,200	2,244,000	0.2%
Department of Social Services	1,449,675	1,573,200	1,619,500	1,685,900	7.2%
Health Department	17,877,724	19,863,500	20,170,400	21,372,600	7.6%
Housing & Community Development	614,353	1,567,400	1,588,700	1,281,700	-18.2%
SUBTOTAL	\$ 24,444,323	\$ 25,244,200	\$ 25,654,800	\$ 26,584,200	5.3%
NON-DEPARTMENTAL					
Debt Service	\$ 63,757,128	\$ 67,304,400	\$ 66,047,800	\$ 67,886,000	0.9%
Grants & Transfers	7,271,697	4,989,600	4,989,600	11,985,500	140.2%
Other	49,329,534	46,098,800	44,285,800	43,008,300	-6.7%
Contingency	269,092	13,900,000	500,000	3,045,000	-78.1%
SUBTOTAL	\$ 120,627,451	\$ 132,292,800	\$ 115,823,200	\$ 125,924,800	-4.8%
GRAND TOTAL, GENERAL FUND	\$ 1,520,212,593	\$ 1,599,372,300	\$ 1,595,652,100	\$ 1,725,771,700	7.9%
INTERNAL SERVICE FUNDS					
Fleet Management	\$ 7,018,730	\$ 8,665,200	\$ 8,637,400	\$ 8,659,000	-0.1%
Information Technology	5,159,146	19,019,600	20,359,300	23,215,400	22.1%
TOTAL INTERNAL SERVICE FUNDS	\$ 12,177,876	\$ 27,684,800	\$ 28,996,700	\$ 31,874,400	15.1%
ENTERPRISE FUNDS					
Stormwater Management	\$ 23,909,643	\$ 23,988,700	\$ 23,947,400	\$ 25,630,400	6.8%
Solid Waste	89,455,845	72,310,100	72,227,900	80,928,600	11.9%
TOTAL ENTERPRISE FUNDS	\$ 113,365,488	\$ 96,298,800	\$ 96,175,300	\$ 106,559,000	10.7%
SPECIAL REVENUE FUNDS					
Debt Service	\$ 74,423,690	\$ 77,618,600	\$ 75,676,500	\$ 78,643,600	1.3%
Drug Enforcement & Education	908,683	1,101,700	1,384,200	1,286,800	16.8%
Collington Center	1,943,909	2,008,000	1,627,500	8,000	-99.6%
Property Management & Services	260,625	1,250,300	1,216,000	1,266,600	1.3%
Domestic Violence	294,370	319,400	319,400	319,400	0.0%
Industrial Development Authority	20,000	20,000	20,000	20,000	0.0%
TOTAL SPECIAL REVENUE FUNDS	\$ 77,851,277	\$ 82,318,000	\$ 80,243,600	\$ 81,544,400	-0.9%
GRANT PROGRAMS FUND	\$ 118,709,499	\$ 139,625,962	\$ 154,458,800	\$ 143,866,700	3.0%
TOTAL ALL FUNDS	\$ 1,842,316,733	\$ 1,945,299,862	\$ 1,955,526,500	\$ 2,089,616,200	7.4%

CONSOLIDATED FUND SUMMARY

FUNCTION/AGENCY	GENERAL FUND	INTERNAL SERVICE FUNDS	SPECIAL REVENUE FUNDS	ENTERPRISE FUNDS	TRUST FUNDS	GRANT FUNDS	TOTAL ALL FUNDS
GENERAL GOVERNMENT							
County Executive	\$ 4,402,000						\$ 4,402,000
County Council	7,257,900						7,257,900
Human Relations Commission	615,200					384,800	1,000,000
Personnel Board	200,800						200,800
Citizen Complaint Oversight Panel	211,400						211,400
People's Zoning Counsel	0						0
Office of Finance	3,398,200						3,398,200
Office of Community Relations	1,313,800						1,313,800
Office of Management and Budget	1,664,600						1,664,600
Board of License Commissioners	989,900						989,900
Office of Law	3,252,700						3,252,700
Office of Personnel and Labor Relations	3,572,800					420,600	3,993,400
Office of Info. Tech. & Communications	19,266,100	23,215,400					42,481,500
Board of Elections	2,259,500						2,259,500
Office of Central Services	12,036,300	8,659,000	1,274,600				21,969,900
SUBTOTAL	\$ 60,441,200	\$ 31,874,400	\$ 1,274,600	\$ 0	\$ 0	\$ 805,400	\$ 94,395,600
CRIMINAL/CIVIL JUSTICE							
Circuit Court	\$ 10,766,200					\$ 1,938,500	\$ 12,704,700
Orphans' Court	283,500						283,500
Office of the State's Attorney	10,861,400					499,900	11,361,300
Office of the Sheriff	17,152,400					1,595,400	18,747,800
Department of Corrections	41,665,900					503,100	42,169,000
SUBTOTAL	\$ 80,729,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,536,900	\$ 85,266,300
PUBLIC SAFETY							
Police Department	\$ 145,367,200		\$ 1,286,800			\$ 2,663,800	\$ 149,317,800
Fire/EMS Department	71,676,700					345,900	72,022,600
Volunteer Fire Companies	9,972,200						9,972,200
SUBTOTAL	\$ 227,016,100	\$ 0	\$ 1,286,800	\$ 0	\$ 0	\$ 3,009,700	\$ 231,312,600
PUBLIC WORKS & ENVIRONMENTAL RESOURCES							
Public Works & Transportation	\$ 10,981,800			\$ 8,074,700		\$ 269,200	\$ 19,325,700
Department of Environmental Resources	8,984,700			98,484,300		628,700	108,097,700
Soil Conservation District	0						0
SUBTOTAL	\$ 19,966,500	\$ 0	\$ 0	\$ 106,559,000	\$ 0	\$ 897,900	\$ 127,423,400
EDUCATION AND LIBRARY							
Community College	\$ 60,557,800						\$ 60,557,800
Memorial Library	20,193,100						20,193,100
Board of Education	1,104,358,600						1,104,358,600
SUBTOTAL	\$ 1,185,109,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,185,109,500
HUMAN SERVICES							
Department of Family Services	2,244,000		319,400			22,384,900	24,948,300
Department of Social Services	1,685,900					9,143,200	10,829,100
Health Department	21,372,600					37,749,100	59,121,700
Housing & Community Development	1,281,700					64,339,600	65,621,300
SUBTOTAL	\$ 26,584,200	\$ 0	\$ 319,400	\$ 0	\$ 0	\$ 133,816,800	\$ 160,520,400
NON-DEPARTMENTAL							
Debt Service	\$ 67,886,000		\$ 78,643,600				\$ 146,529,600
Grants & Transfer	11,985,500		20,000			1,000,000	13,005,500
Other Non-Departmental	43,008,300						43,008,300
Contingency	3,045,000						3,045,000
SUBTOTAL	\$ 125,924,800	\$ 0	\$ 78,663,600	\$ 0	\$ 0	\$ 1,000,000	\$ 205,588,400
GRAND TOTAL	\$ 1,725,771,700	\$ 31,874,400	\$ 81,544,400	\$ 106,559,000	\$ 0	\$ 143,866,700	\$ 2,089,616,200

POSITION SUMMARY - FULL TIME POSITIONS

FUNCTION/AGENCY	FY2002 BUDGET ALL FUNDS	GENERAL FUND	ENTERPRISE FUND	INTERNAL SERVICE FUND	SPECIAL REVENUE FUND	GRANTS	FY2003 APPROVED ALL FUNDS
GENERAL GOVERNMENT							
County Executive	44	43					43
County Council	86	87					87
Human Relations Commission	13	10				1	11
Personnel Board	2	2					2
Citizen Complaint Oversight Panel	2	2					2
Office of Finance	71	73					73
Office of Community Relations	10	10					10
Office of Management and Budget	21	20					20
Board of License Commissioners	6	6					6
Office of Law	55	55					55
Office of Personnel and Labor Relations	52	55				1	56
Office of Info. Tech. & Communications	173	152		50			202
Board of Elections	12	12					12
Office of Central Services	237	169		70			239
SUBTOTAL	784	696	0	120	0	2	818
CRIMINAL/CIVIL JUSTICE							
Circuit Court	166	116				33	149
Orphans' Court	5	5					5
Office of the State's Attorney	133	136					136
Office of the Sheriff	253	235				15	250
Department of Corrections	527	539					539
SUBTOTAL	1,084	1,031	0	0	0	48	1,079
PUBLIC SAFETY							
Police Department	1,686	1,683					1,683
Fire/EMS Department	789	786					786
SUBTOTAL	2,475	2,469	0	0	0	0	2,469
PUBLIC WORKS & ENVIRONMENTAL RESOURCES							
Public Works & Transportation	378	282	93			3	378
Department of Environmental Resources	425	181	240				421
Soil Conservation District	9	9					9
SUBTOTAL	812	472	333	0	0	3	808
HUMAN SERVICES							
Department of Family Services	61	12				46	58
Housing & Community Development	106	12				100	112
Health Department	531	279				248	527
Department of Social Services	24	9				14	23
SUBTOTAL	722	312	0	0	0	408	720
GRAND TOTAL	5,877	4,980	333	120	0	461	5,894

The total number of full time positions increases by only 16 from FY2002 to FY2003. This is the net result of a decrease of four General Fund positions offset by an increase of 20 positions supported by non-General Fund sources. The primary decrease in General Fund positions is in the Circuit Court. There is a net decrease of 19 positions due to the State's assumption of salary costs for law clerks. Conversely, Corrections increases by 12 full time positions, associated with the conversion of positions under the Day Reporting Program from limited-term to permanent status as well as the need to staff a third regional processing center. Personnel and Labor Relations increased by four positions due to recentralizing public safety recruitment efforts within that Office. The primary increase in other funds is in the Information Technology Internal Service Fund. The increase in that fund is 29 full time positions. Most of the increase involves contractual employees converting to permanent status. These increases are offset by a net decrease of four grant-supported positions, as well as a decrease of five full time positions supported by the County's Enterprise Funds.

BUDGETARY FUND BALANCE

	Actual June 30 FY 2001 Balance	Estimated FY 2002 Revenues	Estimated FY 2002 Expenses	Estimated June 30 FY 2002 Balance	Approved FY 2003 Revenues	Approved FY 2003 Expenses	Projected June 30 FY 2003 Balance
GENERAL FUND							
Operating Reserve	\$ 76,961,368	\$ 1,595,800,100	\$ 1,595,652,100	\$ 74,678,892	\$ 1,725,771,700	\$ 1,725,771,700	\$ 55,779,744
Contingency Reserve	45,443,527			47,874,003			51,773,151
TOTAL GENERAL FUND	\$ 122,404,895	\$ 1,595,800,100	\$ 1,595,652,100	\$ 122,552,895	\$ 1,725,771,700	\$ 1,725,771,700	\$ 107,552,895
INTERNAL SERVICE FUNDS							
Fleet Management	\$ 1,298,839	\$ 8,394,400	\$ 8,637,400	\$ 1,055,839	\$ 8,659,000	\$ 8,659,000	\$ 914,839
Information Technology	104,205	20,359,300	20,359,300	104,205	23,215,400	23,215,400	104,205
TOTAL INTERNAL SERVICE FUNDS	\$ 1,403,044	\$ 28,753,700	\$ 28,996,700	\$ 1,160,044	\$ 31,874,400	\$ 31,874,400	\$ 1,019,044
ENTERPRISE FUNDS							
Stormwater Management	\$ 5,510,370	\$ 23,864,200	\$ 23,947,400	\$ 6,610,620	\$ 25,630,400	\$ 25,630,400	\$ 6,540,020
Solid Waste	31,035,981	73,610,800	72,227,900	32,418,881	80,928,600	80,928,600	26,168,581
TOTAL ENTERPRISE FUNDS	\$ 36,546,351	\$ 97,475,000	\$ 96,175,300	\$ 39,029,501	\$ 106,559,000	\$ 106,559,000	\$ 32,708,601
SPECIAL REVENUE FUNDS							
Debt Service	\$ 0	\$ 75,676,500	\$ 75,676,500	\$ 0	\$ 78,643,600	\$ 78,643,600	\$ 0
Collington Center	1,090,015	609,100	1,627,500	71,615	8,000	8,000	63,615
Property Management Services	2,746,822	169,200	1,216,000	1,700,022	1,266,600	1,266,600	602,622
Domestic Violence	7,408	319,400	319,400	7,408	319,400	319,400	7,408
Drug Enforcement and Education	2,308,293	1,192,000	1,384,200	2,116,093	1,286,800	1,286,800	1,959,293
Industrial Development Authority	0	20,000	20,000	0	20,000	20,000	0
TOTAL SPECIAL REVENUE FUNDS	\$ 6,152,538	\$ 77,986,200	\$ 80,243,600	\$ 3,895,138	\$ 81,544,400	\$ 81,544,400	\$ 2,632,938
GRANT PROGRAM FUNDS	\$ 0	\$ 154,458,800	\$ 154,458,800	\$ 0	\$ 143,866,700	\$ 143,866,700	\$ 0
GRAND TOTAL, ALL FUNDS	\$ 166,506,828	\$ 1,954,473,800	\$ 1,955,526,500	\$ 166,637,578	\$ 2,089,616,200	\$ 2,089,616,200	\$ 143,913,478

Note - Budgeted revenues may include use of fund balance, therefore the totals may not add across.

Note - The definition of ending balance varies depending on the type of fund.

The following definitions of budgetary fund balance are used by Prince George's County:

General Fund - The Charter-mandated Contingency Reserve, plus the Designated Operating Reserve and Undesignated Fund Balance.

Internal Service Funds - The balance above represents retained earnings as shown in the Consolidated Annual Financial Report (CAFR).

Enterprise Funds - The balance shown above represents an ending cash and cash equivalents balance. This balance takes into account net operating revenues and expenditures and increases based on bond proceeds, offset by capital expenditures and by funds that must be held in reserve for future obligations.

Special Revenue Funds - The balance shown above represents fund balance as shown in the CAFR.

**ASSESSABLE BASE
REAL AND PERSONAL PROPERTY**
(in millions)

Location	REAL PROPERTY 2002	PERSONAL PROPERTY 2002	TOTAL BASE 2002	REAL PROPERTY 2003	PERSONAL PROPERTY 2003	TOTAL BASE 2003
Berwyn Heights	\$ 150.67	\$ 21.10	\$ 171.77	\$ 157.03	\$ 22.66	\$ 179.69
Bladensburg	225.09	16.60	241.69	232.41	16.10	248.51
Bowie	2,995.20	63.22	3,058.42	3,280.91	65.01	3,345.92
Brentwood	96.90	4.25	101.16	99.55	4.05	103.60
Capitol Heights	158.62	8.90	167.52	159.54	8.00	167.54
Cheverly	298.53	15.23	313.76	301.14	16.40	317.54
College Park	854.68	74.92	929.60	893.31	75.91	969.22
Colmar Manor	50.14	2.09	52.23	50.68	2.29	52.97
Cottage City	51.55	3.71	55.27	52.02	2.38	54.40
District Heights	213.81	4.37	218.18	215.90	5.25	221.15
Eagle Harbor	3.73	0.05	3.78	3.78	0.05	3.83
Edmonston	76.34	5.16	81.50	78.67	4.94	83.61
Fairmount Heights	54.48	1.37	55.84	55.10	1.44	56.54
Forest Heights	100.80	2.29	103.10	103.36	2.50	105.86
Glenarden	214.56	2.22	216.78	219.95	2.32	222.27
Greenbelt	1,054.15	106.64	1,160.80	1,087.60	100.02	1,187.62
Hyattsville	573.15	66.21	639.35	592.08	72.72	664.80
Landover Hills	52.58	3.84	56.42	53.23	3.35	56.58
Laurel	1,121.77	97.90	1,219.67	1,151.60	110.43	1,262.03
Morningside	62.73	1.28	64.01	62.68	1.55	64.23
Mount Rainier	186.50	4.32	190.81	192.78	4.43	197.21
New Carrollton	395.35	9.85	405.20	406.43	10.62	417.05
North Brentwood	23.18	1.23	24.41	23.94	1.27	25.21
Riverdale Park	268.99	17.55	286.54	274.25	18.43	292.68
Seat Pleasant	162.55	6.02	168.56	164.85	5.81	170.66
University Park	174.56	1.71	176.27	182.04	1.93	183.97
Upper Marlboro	57.09	18.27	75.36	57.60	19.43	77.03
SubTotal	\$ 9,677.69	\$ 560.29	\$ 10,237.98	\$ 10,152.43	\$ 579.29	\$ 10,731.72
Unincorporated Area	\$ 28,108.65	\$ 2,399.86	\$ 30,508.51	\$ 29,570.16	\$ 2,498.68	\$ 32,068.84
TOTAL						
COUNTY WIDE	\$ 37,786.34	\$ 2,960.15	\$ 40,746.49	\$ 39,722.59	\$ 3,077.97	\$ 42,800.56

Source: State Department of Assessments and Taxation

Note: Starting from FY2002, real property in Maryland has been assessed at 100% of market value rather than 40% in most cases under prior law. This change was required by Maryland Senate Bill 626 in 2000.

Assessed value of personal property will remain unchanged at 100% of market value.

PROPERTY TAX LIMITATION FISCAL YEAR 2003

At the 1978 general election, the voters of the County adopted an amendment to Section 817, Article VIII, of the Prince George's County Charter limiting future collections of real property taxes. The amendment, which became effective in December, 1978, added Section 817B to the Charter. It is generally referred to in the County as "TRIM" (TRIM is an acronym for "Tax Reform Initiative by Marylanders"). The amendment forbade the County Council to "levy a real property tax which would result in a total collection of real property taxes greater than the amount collected in FY 1979," or \$143.9 million. At the 1984 general election, an amendment to TRIM was approved by the voters of the County authorizing the County Council to levy taxes on a maximum rate of \$2.40 for each \$100 of assessed value. The County passed legislation capping taxable assessment growth in FY94 and future years for owner occupied residences at the lesser of the change in the Consumer Price Index (CPI) or 5% of the prior year's taxable assessment. For FY2003 the cap is set at 3%. This limitation is a charter mandated computation passed by the voters in November, 1994, and is permitted by the Tax-Property Article, Section 9-105 of the Annotated Code of Maryland.

In 2000, Maryland Senate Bill 626 provided that, beginning in tax year 2001, property tax rates shall be applied to 100%, instead of 40%, of the value of real property, and that the real property tax rate be adjusted to make the impact revenue neutral. The bill also stipulated that any limit on a local real property tax rate in a local law or charter provision shall be constructed to mean a rate equal to 40% times the rate stated in the local law or charter provision. As a result, the nominal real property rate of the County was adjusted to \$0.96/\$100 of assessed value in FY2002. The County taxing authority assigned to debt payments for pre-TRIM bonds in FY2003 is estimated at \$.002 for each \$100 of assessed value of real property and \$.004 for each \$100 of assessed value of personal property.

Yield Calculation

	FY2003 Tax Base	FY2003 Tax Yield
REAL PROPERTY BASE JULY 1, 2001 ¹	\$39,722,562,133	
Add: New Construction Annualized for		
Cyclical Base Adjustments & Net of Assessment Cap	<u>187,500,000</u>	
TOTAL REAL PROPERTY BASE FY2001	\$39,910,062,133	
Nominal Real Property Tax Rate/\$100	\$0.96	
REAL PROPERTY YIELD		\$383,136,596
TOTAL PERSONAL PROPERTY BASE FY2001	\$3,077,941,300	
Nominal Personal Property Tax Rate/\$100	\$2.40	
PERSONAL PROPERTY TAX YIELD		<u>\$73,870,591</u>
TOTAL PROPERTY TAX YIELD (Unadjusted)		\$457,007,187
Less: Collection Allowance (1.2%)		(5,484,086)
Municipal Tax Differential		(10,399,984)
Adjustments		<u>(1,168,217)</u>
TOTAL GENERAL FUND PROPERTY TAX YIELD		<u>\$439,954,900</u>
Pre-TRIM Taxing Authority to Debt Service Fund		921,319
Pre-TRIM debt service real property tax rate ²	<u>\$0.002</u>	
Pre-TRIM debt service personal property tax rate ²	<u>\$0.004</u>	

¹ Estimates based on reports from the State Department of Assessments and Taxation (as of February, 2002). Adjustments for abatements/credits and 3% cap on assessments included.

² The pre-TRIM debt service property tax rates are rounded to a tenth of a cent.